

# STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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## VENDOR CERTIFICATION FREQUENTLY ASKED QUESTIONS

### **By what date do vendors have to be certified?**

Vendors doing business with Indiana counties must have software certified by the state by December 31, 2008.

### **What authority does the DLGF have in this process?**

The DLGF has the authority to certify, or not to certify, software presented by a vendor. Additionally, the DLGF has the authority to hold counties accountable for using certified software as of January 1, 2009. It is up to individual vendors to pursue certification. The DLGF has no authority to require a vendor to come forward for certification if they do not wish to be certified. However, the Indiana counties are required to use certified software as of January 1, 2009.

### **What will the DLGF do if a county is not using a certified vendor? What penalties will the DLGF assess against a county not using a certified vendor?**

Penalties are outlined in 50 IAC 23-18-7, and under this authority the DLGF may choose to not certify the county's budget until their software is certified, or impose any other sanction allowed by law to enforce the certification requirement. Authority: IC 6-1.1-31-1; IC 6-1.1-31.5-5

### **What are the requirements that vendors must meet to be certified?**

These are outlined in 50 IAC 23. Vendor Eligibility is addressed in Rule 17 and General Certification information is outlined in Rule 18.

Specific requirements pertaining to different aspects of software are found in Rules 3-16:

- Rule 3 – Property Tax Management System
- Rule 4 – Property Assessment System Requirements
- Rule 5 – Tax and Billing System Requirements
- Rule 6 – Property Assessment Calculation Standards
- Rule 7 – Property Tax and Billing Calculation Standards
- Rule 8 – Data and File Format Requirements
- Rule 9 – General Reporting Requirements
- Rule 10 – Assessment Reporting Requirements
- Rule 11 – Tax and Billing Reporting Requirements
- Rule 12 - Internal Control and Accounting Standards for Property Tax Management Systems
- Rule 13 - Internal Control and Accounting Standards for Assessment Systems
- Rule 14 - Internal Control and Accounting Standards for Tax and Billing Systems
- Rule 15 - County Office Integration Standards
- Rule 16 - External Agency Integration Standards

### **How do I know what to include in my new contract to ensure that my vendor is certified?**

The DLGF has model software contracts available at <http://www.in.gov/dlhf/6854.htm>. Additionally, 50 IAC 23, Rule 19 outlines contract provisions.

### **Why didn't/hasn't the DLGF give/given more information about the vendor certification process available until now? What efforts has the DLGF made to make vendors and counties aware of this requirement up to this point?**

The Department issued a news release on July 14, 2006 advising that the rule was effective as of July 17, 2006 and noting that counties had until December 2008 to implement certified systems. The DLGF contracted with Crowe Horwath in November 2006, and Crowe made the first testing scenarios available in March 2007.

Recently, the Department realized the counties' desire for updates on the status of vendors going through the certification process. As such, we have made efforts to make this transparent to anyone interested by posting information about the certification status on our Web site at <http://www.in.gov/dlqf/2447.htm>.

**Has any vendor been tested for certification, and if so, when was the first vendor tested?**

Yes, in fact, several vendors have already undergone testing for certification. The first vendor was tested in January 2008. Their test was then repeated in August, 2008.

**Why are we talking about certification of vendors when we are going to a statewide software system anyway?**

Currently, there are no requirements for a statewide software system. This topic is being studied by the legislature, but it is difficult to speculate what may or may not happen, and/or when this may or be implemented. Because the vendor certification is a requirement in statute currently, it is important that we move forward with discussions regarding this matter, and that vendors pursue certification if they intend on doing business with Indiana counties.

**What is the status of the statewide software system?**

Currently, there are no requirements for a statewide software system. This topic is being studied by the legislature, but it is difficult to speculate what may or may not happen, and/or when this may or be implemented.

**Does the DLGF support a statewide software system?**

Currently, there are no requirements for a statewide software system, but the topic is being studied by the legislature. The DLGF is providing information to the legislature about a statewide software system without taking a position on the matter. We are here today to talk about existing systems and the requirements to be certified. We would be happy to discuss a statewide software system at a later time if and when the legislature decides to move forward on implementation.

**What is the timeframe for certification? If I submit today, is there enough time to be certified by December 31?**

According to 50 IAC 23-18-2, subsection (b), there is a minimum 30 day window between the time a vendor contacts the Department's designee (Crowe Horwath) and the scheduling of certification testing. The Department then has 30 days after completion of testing to review the results and make recommendation to certify or retest. In practice, the Department will act with all due haste to relay decisions to vendors in as timely a manner as possible, while still ensuring that the test results receive their appropriate deliberation. In short, there is still enough time to become certified if you submit today, but we strongly encourage those who have not yet started the process to get started as soon as possible.

**What happens if my vendor fails certification?**

We are here to work with vendors and counties as partners in this process. We are open to suggestions on what counties and vendors consider fair in these circumstances, understanding that the statutory requirements are in place and the DLGF is obligated to ensure that counties are in compliance with state law. We suggest keeping in contact with your current vendor to check their status and have a back-up plan in place.

**How can this be delayed?**

The legislature would need to act for this to be delayed.

**For the 2002 pay 2003 reassessment, vendors were supposed to be certified, but no one was, and DLGF said that was okay. Will the DLGF overlook the vendor certification requirement this time as well?**

The DLGF is responsible for ensuring property tax assessment and local government budgeting are carried out in accordance with Indiana law. This includes the requirement for counties to use vendors that are state certified.

**How is vendor certification different from the statewide software system?**

Currently, there are no requirements for a statewide software system. This topic is being studied by the legislature, but it is difficult to speculate what may happen, or when.

**What do I need to do if my vendor is not pursuing vendor certification?**

Actions taken by counties are local decisions and should be discussed among locally elected officials. There are several options a county may want to consider including pressing a current vendor to become certified or seeking another vendor who is either already certified or in the process of being certified.

**As a vendor, what steps can I take to ensure that I am certified? What information and support has Crowe Horwath provided to vendors who have approached them about this?**

The DLGF has created a flow chart that is available online that outlines this process. It is available at <http://www.in.gov/dlgf/2447.htm>.

**Is there a mechanism in place that will allow vendors and affected counties to check the progress of applications submitted for certification?**

Vendors and counties will be able to track progress online at <http://www.in.gov/dlgf/2447.htm> by reviewing the maps on the site and checking the "Vendor Certification Status Overview" file located at [http://www.in.gov/dlgf/files/Vendor\\_Cert\\_Status\\_Overview.xls](http://www.in.gov/dlgf/files/Vendor_Cert_Status_Overview.xls). The site will be updated every Wednesday with the most current information available.

**Is there any mechanism in place to determine if a particular software needs to go through the certification process prior to spending a great deal of time and money in technical documentation preparation and officially submitting the docs to Crowe Horwath simply to find out that the software does not qualify to be certified?**

The five platforms that must be certified by the state are:

- Tax and Billing
- CAMA (Computer Assisted Mass Appraisal):
- Personal Property
- Sales Disclosure
- Annual Adjustment

Specific requirements pertaining to different aspects of software are found in 50 IAC 23, Rules 3-16:

- Rule 3 – Property Tax Management System
- Rule 4 – Property Assessment System Requirements
- Rule 5 – Tax and Billing System Requirements
- Rule 6 – Property Assessment Calculation Standards
- Rule 7 – Property Tax and Billing Calculation Standards
- Rule 8 – Data and File Format Requirements
- Rule 9 – General Reporting Requirements
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- Rule 12 - Internal Control and Accounting Standards for Property Tax Management Systems
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If there is any doubt whether certification is necessary, we recommend beginning the process by contacting Crowe Horwath as soon as possible to ensure that certification is achieved by the statutory date of Dec. 31, 2008.

**There are a number of vendors and in-house systems that have developed a sales disclosure application and have been using it to submit data to the DLGF each year. The State has recently developed its own web-based application and has instructed counties that this on-line application will replace any current sales disclosure program they are using, that all sales records are required to be entered online and that sales data submissions from the county will be no longer necessary.**

**Seeing as this is the case, if a county wishes to continue using its own application for backup and other purposes, then why would their sales application need to go through the certification process?**

There should not be a requirement for sales disclosure vendors to be certified. DLGF is currently pursuing certification of the online sales disclosure application. Counties have the ability to download SDF records adhering to the 2004A sales disclosure data format specifications that can be imported into other applications at the county, including older sales disclosure applications, for the county's internal use. Counties will still need to produce the 2007 sales disclosure file containing records prepared between January 1, 2007 and June 30, 2007 for submission to the state for data certification, but this is the last sales disclosure data submission expected from the counties. Sales disclosures must still be validated by the county by March 1 of each year for the previous year's submissions, but this validation will be accomplished using the online tool.

**Will the new State on-line sales disclosure application be held to the same certification rules and standards as required by IC 23, or will it be exempt, and if so, why?**

The new State on-line sales disclosure application will be required to be certified, as all other systems are, according to standards set forth in 50 IAC 23

**If a vendor does not get certification by 12/31/08, would they be able to seek certification after that date?**

A vendor is allowed to seek certification at any time. However, we encourage all to begin the process of certification as soon as possible to avoid any compliance issues. We would like to work as partners with the counties and vendors in this process so we can ensure that counties and vendors can be compliant with the law, and we are willing to listen to suggestions on what counties and vendors think is fair in cases where a vendor has started the certification process, but is not yet certified as of Dec. 31, 2008.

**After 12/31/08, do you expect counties to speak only to certified vendors, meaning that vendors need to expend time/effort/money on certification before they even have a sales prospect? This would constitute a substantial barrier to entry for new vendors. Or will new vendors be able to market their products to counties in Indiana and then seek certification after they find a county interested in their software?**

Contract discussions are handled by local officials, and local officials have the authority to discuss needs with any vendor they choose. What is important to remember is that becoming certified removes obstacles to achieving data compliance because counties are ensured that the software used has passed the state benchmarks and is capable of doing what the county needs it to do to pass the DLGF analysis.